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SUBJECT: ROYAL JORDANIAN SELECTS BOEING 787 DREAMLINER

REF: 06 AMMAN 8295 AND PREVIOUS

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¶1. (SBU) SUMMARY: Jordan's national airline Royal Jordanian (RJ) announced it has selected Boeing's 787 Dreamliner to replace its wide-body Airbus A340's. As a first step, RJ will lease four or five of the aircraft starting in 2010. Boeing is optimistic that the leasing arrangements will lead to purchases of 787's, perhaps as early as 2011. RJ's CEO agrees, provided that Boeing can help bring forward delivery dates. The success on this deal comes after months of vigorous advocacy by the Embassy and continued persistence by the Boeing team. END SUMMARY.

¶2. (SBU) Royal Jordanian announced in December that it will replace its wide-body A340's with Boeing 787 Dreamliners beginning in 2010. This decision comes after months of footdragging by RJ in which the airline ran the risk of losing leasing slots for the aircraft, and did in fact lose purchase slots. RJ's leadership had regularly praised the Dreamliner over the past six months. However, the delays and regular visits of Airbus teams to Jordan had caused Boeing to fear that it might never be able to close the deal.

¶3. (SBU) There were several keys to Boeing's success. The Boeing team made regular visits to Jordan to promote the Dreamliner, and arranged for RJ and Jordanian government officials to tour the Dreamliner mock-up in Seattle. In addition, the Embassy vigorously advocated with both the government and RJ in support of Boeing at many levels, from King Abdullah on down. Finally, the attractions of the Dreamliner itself helped to cement the deal, particularly its fuel efficiency and its advantages to passengers, including larger windows and a more comfortable cabin environment. In addition, the fact that the competition did not have any viable options helped as well. And lastly, the appointment of a new activist, pro-U.S. Chairman of the Board did no harm.

¶4. (SBU) Boeing helped RJ in its negotiations with leasing companies. According to RJ's CEO Samir Majali, RJ has agreed with the leasing company ILFC on the lease of two 787's to begin service in 2010, and plans to phase in two or three additional aircraft over subsequent years. Majali described the leasing of 787's "as a given." Boeing is currently in discussions with RJ on signing a formal contract which would cover such items as crew training, providing manuals and other technical details. Boeing hopes that the formal contract will include commitments to purchase up to four additional 787's from the first currently-available slot in ¶2013. Boeing hopes to have this formal contract signed by late January/early February. Boeing has indicated it will work with leasing companies to explore trading purchase slots.

¶5. (SBU) Majali said that RJ's total requirement for 787's could be "eight to ten." RJ would hope to purchase two to four directly from Boeing. However, Majali stressed that this would be contingent upon Boeing's ability to bring forward purchase slots to a date earlier than 2013. Otherwise, RJ would be looking to lease additional 787's.

¶6. (SBU) Majali was very complimentary about the merits of the 787, although he stressed that the fuel savings benefits remained to be demonstrated. He did welcome the large windows and the other benefits accruing from the composite-based construction, including the ability to pressurize and humidify the air in the cabin to a lower comparable altitude.
HALE